

Without Congressional Action, Little Noticed Change Will Yield Higher Taxes This Year for Families Earning Less than \$40k

Kingston, NY -- Congressman Maurice Hinchey (D-NY) today joined City of Kingston residents to unveil new legislation to end a tax increase being levied this year on working families earning less than \$40,000 a year and working individuals earning less than \$20,000 a year. Hinchey recently joined Congresswoman Rosa DeLauro (D-CT) in introducing H.R.772, the Extended Tax Relief for All Act of 2011, to stop a little noticed tax increase on working families and many retirees caused as a result of the expiration of the Making Work Pay Tax Credit.

"Waiters and Waitresses, grocery store clerks and those earning minimum wage should not be paying to give huge tax breaks to the CEOs, Wall Street bankers and billionaires," said Hinchey. "But as the wealthiest in our society get huge tax breaks, 51 million Americans who earn less than \$10 an hour will pay more this year than they did last year. If you own an oil company you get a huge tax cut, but if you pump gas and your household income is less than \$40,000 a year, your taxes will go up. It's no wonder that the gulf between the rich and everyone else keeps growing. After receiving dozens of calls from constituents who looked at their paycheck and saw that their taxes went up and their take home pay went down, I introduced legislation to help correct this serious economic injustice."

The recently passed tax package signed into law by President Obama extended tax cuts passed during the Bush Administration, but allowed the Making Work Pay tax credit, passed as part of the American Recovery and Reinvestment Act, to expire. That credit provided \$800 to joint filers and \$400 in relief to working individuals. It was replaced by a 2 percent cut in payroll taxes. The net effect of the changes yielded a tax increase on those earning less than \$20,000 a year or families earning less than \$40,000 a year. Hinchey's bill would provide a tax rebate to make up the difference.

According to the Tax Policy Center, 51 million household will be affected by the tax increase this year. According to the Congressional Research Service, 31 percent of families in Kingston, New York and 48 percent of families in Newburgh, New York will see their taxes rise.

For example, a working family that earns \$30,000 in a year will pay \$200 more in federal taxes this year than they did last year. In 2010, they would have been eligible for the \$800 Making

Work Pay tax credit. Today, that same family will only receive a \$600 tax benefit under the payroll tax holiday.

In December, Hinchey voted to extend tax relief for those earning less than \$250,000 per year, while putting in place the Clinton era tax rates for those earning over \$250,000 a year. Hinchey also supported an extension of the Making Work Pay Tax credit. The deal that ultimately passed, which Hinchey voted against, raised taxes on the lowest income earners and added at least \$800 billion to the deficit.